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A new reality for the realty sector

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Data centres in the top eight cities occupy 7.5 mn sq ft; over the next 2-3 years, this could go up by another 10 mn sq ft



Office spaces are required to redesign keeping the safety of the employees as a priority and follow the new social distance norms.

The numbers of commercial real estate (CRE) in the first three quarters of this year has been fairly encouraging. The investors' unceasing craving for office properties has held the fort for the segment. The strong fundamentals of the

to the transaction of 18.1 mn sq office space. Also, the listing of India's first two REITS have been successful in garnering investor's interest globally.

The momentum in early 2020 was hit by Covid-19 crisis in March, and several leasing deals on final stages of negotiations were deferred. With economic lockdown, office and workstations have been pushed to work from home, and retail spaces have witnessed a digital shift in the e-commerce space. Gradually, as when the government began recalibrated mission restart, the halted wheels of economic activities began to roll out.

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This revival mode called for the deferred commercial deals back into the tables for further negotiations. For instance, [Google](#), an internet giant, is on an office leasing spree as a follow-up on its massive investment plans in India over the next 5-7 years in cities like Bengaluru, Hyderabad, Mumbai and Gurgaon. Several multinational IT companies down south are also looking to invest in bigger office spaces to maintain social distancing measures. It can be said that the private equity investors who had adopted a wait and watch policy have taken advantage of the economic slowdown to look out for Grade A assets with better growth prospects. Thus, pushing the deal size for office investments higher this year as compared to the last.

The pandemic has permanently altered the way we live and the way we work. The calibrated unlocking of the economy by the government demands an adherence to the given guidelines to ensure a safe working- operating environment. Though the Covid crisis has pushed for a Work-From-Home scenario, back to office sentiment need to be encouraged.

distance norms. We are likely to witness restructuring, de-densification, and transformation in the upcoming commercial market scenario. This protocol will lead to demand for larger floor plates and will drive further demand for commercial RE. The overall outlook is positive for the segment.

Now, with the sharp increase in the digital economy, the demand from new sunrise sectors like warehousing, logistics, datacentres, OTT media companies is springing up quickly.

As per reports, data centres in the top 8 cities currently occupy 7.5 mn sq ft space, and over the next 2-3 years, an additional 10 mn sq ft space is likely to be added. As companies had to deal with the new work environment, there was a 25-35% increase in data centre capacity usage.

Incidentally, the warehousing sector though, was down 86% in PE investments from the previous year, in the first three quarters it surely is segment earmarked for tremendous growth. The warehousing segment would certainly benefit from the renewed interest in the e-commerce segment. This sentiment is well shared by the global players who have been taking up positions in this particular asset class.

Moreover, India's position as an alternative manufacturing hub after China in the war of supremacy can pave the way for around 1,000 foreign manufacturing companies shifting their base to India. Around one-third of the total number that is around 300 companies have production plans in mobile, electronics, medical devices and textiles, cementing the belief that this would increase demand for warehousing spaces around these manufacturing plants in the major cities of the country.

seems to be on the growth trajectory, given the fundamentally strong pace of growth of the economy and resultant, fuelled demand.

National President, NAREDCO & ASSOCHAM. Views are personal



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